



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture

July 20, 1999



**Crops Bountiful, But Prices Low.** Although the 1999 growing season is shaping up to be a bountiful one, farmers are complaining that market prices are so low that they will not be able to meet their obligations. Dismal prices are projected for cotton, rice, wheat corn, soybeans and other important staple food crops. Russell Altom, head of agricultural lending for Pine Bluff National Bank, said only a small amount of his clients will be able to pay back their farm loans when they come due in early fall. He said the passage of the 1995 "Freedom to Farm" bill has greatly reduced the American farmers' chances of having a direct say in how their crops are brokered in the world agricultural markets. "We are in dire straits because the freedom bill took away price supports and deficiency payments. There is no (financial) protection left for farmers. In the past, deficiency payments made up the difference (for undesirable prices)," Altom said. "The outlook is not very good at all." Marshall Rush, who grows cotton, rice and soybeans, said the latest price crisis is driving young people out of the profession. "If things continue, the family farm is going to become a thing of the past," he said. "Very few young people get into the farming business now because they can't make it. This is something that I can survive, but the saddest thing is that some people won't." (*The Associated Press*, 7/18)

**Changes Urged In Loan Program.** Shippers, small railroads, banks, and insurers are seeking changes in a \$1 billion Federal loan program to improve rail lines that primarily serve rural America. Nearly all of the 93 parties commenting on the Federal Railroad Administration's rules for the Railroad Rehabilitation and Improvement Financing Program objected to the requirement that potential borrowers be rejected twice by commercial lenders before turning to the Government as the lender of last resort. The lender-of-last-resort provision "was kind of a head fake to keep people from wanting the money," said Burton Etchison, president of the Stewart Grain Co. of Williamsport, IN. Among those who have complained about the proposed rules are key House transportation leaders, including Rep. Bud Shuster, (Republican from Pennsylvania) and an infrastructure subcommittee. Shuster and three colleagues chided the Federal Rail Administration, saying there was no "last resort" requirement in the legislation they approved last spring. Willis Corroon Corp., Nashville, TN, which has more than 100 rail clients, urged the agency to simplify procedures for applications and calculation of the risk premium, and to drop the lender-of-last-resort provision. (*Journal of Commerce*, 7/19)

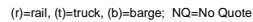
**Brazil Soy Farmers Hold Beans For Better Prices.** Brazil's soybean farmers are reluctant to sell dwindling stocks of the 1998/99 harvest amid low world prices and the hope of better returns in August, analysts and traders said on Friday. Soy producers were seen holding 15 percent of Brazil's 30.83 million tons 1998/99 crop, compared with about 30 percent by the same time last year. Chief soybean analyst, Flavio Franca, said the trend toward grower retention of beans strengthened last week, when spot Chicago Board of Trade soybean prices fell to the lowest price (\$4.01-1/2) in nearly 27 years. Traders have noticed that producer sales have drawn to a near-halt, despite a modest recovery in world prices this week due to weather-related worries in the U.S. The Brazilian government's National Supply Company (Conab) said drought in Rio Grande do Sul slashed productivity a whopping 27 percent during the 1998/99 season. (*Reuters*, 7/16)

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This report is prepared by Karl Hacker and Karla Martin, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at [www.ams.usda.gov/tmd/grain.htm](http://www.ams.usda.gov/tmd/grain.htm). E-mail comments to [GTR@usda.gov](mailto:GTR@usda.gov).

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Futures:				Week Ago	Year Ago
			07/16/99	07/17/99	07/17/98
Kansas City	Wht	Sep	2.6525	2.6550	2.9325
Minneapolis	Wht	Sep	3.2775	3.2625	3.4350
Minneapolis	Dur	Jul	3.7100	3.9350	n.a.
Chicago	Wht	Sep	2.4275	2.4400	2.7375
Chicago	Corn	Sep	1.8775	1.8675	2.3700
Chicago	Sybn	Aug	4.1775	4.2125	6.4225



Inland Bids: Ord. HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans  
Export Bids: 12% HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA ([www.usda.ams.gov](http://www.usda.ams.gov))  
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND  
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA  
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.  
Canada: Bids in CAN\$, Canadian Wheat Board, Winnipeg ([www.cwb.ca](http://www.cwb.ca))

The graph displays the average cost per car for three different trading strategies over a 30-month period. The y-axis represents the average cost in dollars per car, ranging from \$100 to \$300. The x-axis shows the delivery month and year from September 1997 to December 1999. A horizontal line at \$0 indicates the tariff rate. BNSF-SWAP (black line with square markers) consistently shows the highest average costs, followed by CP-GEEP (red dashed line with triangle markers), and UP-POOL (blue line with circle markers) shows the lowest average costs. All three strategies exhibit a similar pattern of peaks and troughs, with the most significant peaks occurring in late 1997, late 1998, and late 1999.

Delivery Month-Year	BNSF-SWAP (\$/Car)	CP-GEEP (\$/Car)	UP-POOL (\$/Car)
Sep-97	80	100	100
Oct-97	180	150	200
Nov-97	180	120	230
Dec-97	130	100	220
Jan-98	70	60	140
Feb-98	-20	-40	70
Mar-98	-90	-70	10
Apr-98	-130	-80	-20
May-98	-150	-90	-30
Jun-98	-90	-50	-10
Jul-98	50	10	50
Aug-98	100	60	100
Sep-98	120	100	150
Oct-98	170	120	190
Nov-98	110	80	140
Dec-98	40	40	60
Jan-99	-10	-20	10
Feb-99	-30	-30	10
Mar-99	-30	-30	0
Apr-99	-30	-30	-10
May-99	-30	-30	-10
Jun-99	-10	-10	10
Jul-99	20	20	30
Aug-99	60	60	60
Sep-99	90	90	90
Oct-99	80	80	100
Nov-99	70	70	80
Dec-99	30	30	50

Index - Percent of Tariff Rate

Straight Lines Indicate 3-yr Avg  
Weekly Movement based on 4-Week Running Avg.

Date	Index - Percent of Tariff Rate
01/10/96	260
03/06/96	290
05/01/96	210
06/28/96	120
08/21/96	95
10/16/96	210
12/11/96	150
02/05/97	220
04/02/97	160
05/28/97	100
07/23/97	100
09/17/97	140
11/12/97	240
01/07/98	110
03/04/98	120
04/29/98	120
06/24/98	115
08/19/98	170
10/14/98	310
12/09/98	135
02/03/99	185
03/31/99	135
05/26/99	205

**Rail Car 'Auction' Offerings**

Delivery for:	Aug-99			
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	9,450	92%	12,175	53%
<b>UP-GCAS</b>	5,400	48%		

Source: Transportation &amp; Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Jul-99	Sep-99	Oct-99	Nov-99
BNSF-GF	\$(57)	\$26	\$47	\$36
CP-GEEP	\$13	\$53		
UP-Pool	\$0	\$52	\$66	\$52

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Aug-99	Sep-99	Oct-99
COT/N. Grain	no bid	\$0	\$41
COT/S. Grain	\$1	\$2	\$11
GCAS/Region 2	no bid	no bid	no offer
GCAS/Region 4	\$2	no bid	no offer

Source: T&M/AMS/USDA. Data from [www.bnsf.com](http://www.bnsf.com), [www.uprr.com](http://www.uprr.com), (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)**Southbound Barge Freight Nominal Values\***

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
7/16/99	Twin Cities	nwk	310
		Aug.	300
		Aug	310
		Sept.	320
		Oct.	330
	Mid Miss	twk	280
		nwk	290
		Aug.	275
	Illinois River	Sept.	300-305
		nwk	260-275
		Sept.	300
	St. Louis	Oct.	300
		nwk	175
	Ohio River	Sept.	200
		twk	175
		Sept.	300
	OTCT	Sept.	300
		Aug.	210
		Sept.	280

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

**Southbound Barge Freight Spot Rates**

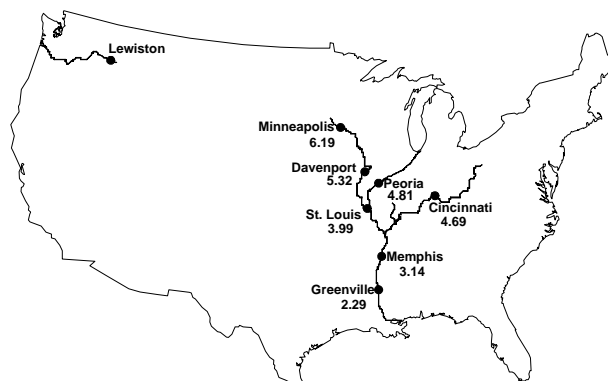
	7/15/99	7/7/99	Aug. '99	Oct. '99
Twin Cities	277	238	292	330
Mid-Mississippi	245	206	268	301
Illinois River	238	207	260	300
St. Louis-Cairo	165	157	198	273
Lower Ohio	166	155	213	300
Cairo-Memphis	156	148	199	271

Source: Transportation & Marketing /AMS/USDA  
nq= no quote

twk=this week

nwk=next week

OTCT-Osceola (Ark) Thru Cairo Terms

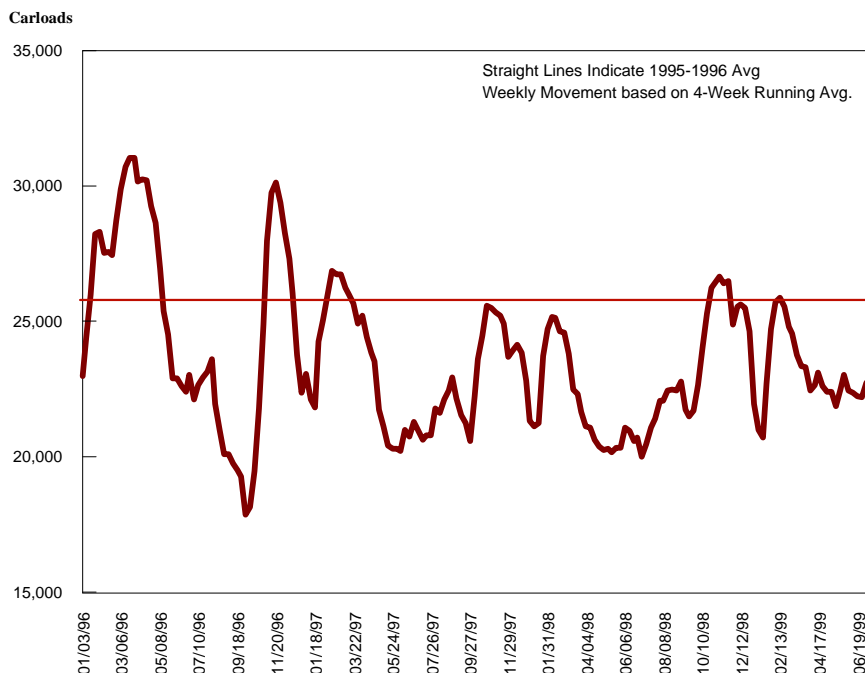
**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
36337	22,971
07/03/99	23,106
07/10/99	22,527
Year to Date - 1999	629,785
Year to Date - 1998**	591,863
Total 1998**	1,183,860
Total 1997*	1,199,995
Source: American Association of Railroads	

\*\*1998 - 52 weeks

\* 1997 - 53 weeks



## Class I Rail Carrier Grain Car Bulletin

Carloads

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
07/10/99	0	2,114	1,562	2,685	7,999	527	7,640	2,865	4,642
This Week Last Year	663	2,503	1,402	2,594	7,104	477	7,075	1,558	3,680
1999 YTD	15,522	66,116	43,334	71,165	213,225	19,209	201,214	57,773	97,480
1998 YTD*	18,259	64,688	39,512	68,486	213,855	17,030	170,033	62,839	109,787
1997 Total**	29,834	118,581	80,255	124,834	428,243	34,690	378,888	171,428	272,156
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387

Source: American Association of Railroads

\*\*1998 - 52 weeks

\* 1997 - 53 weeks

## Tariff Rail Rates for Unit Train Shipments

July 1999

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
07/01/99	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,150	\$23.70	\$0.65
07/01/99	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,442	\$48.96	\$1.33
07/01/99	46540	Wheat	Kansas City, MO	Houston, TX	\$1,850	\$20.39	\$0.56
07/01/99	43586	Wheat	Kansas City, MO	Portland, OR	\$4,604	\$50.75	\$1.38
07/01/99	43581	Wheat	Omaha, NE	Portland, OR	\$4,205	\$46.35	\$1.26
07/01/99	31040	Corn	Minneapolis, MN	Portland, OR	\$2,951	\$32.53	\$0.83
07/01/99	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$34.17	\$0.87
07/01/99	31040	Corn	Omaha, NE	Portland, OR	\$2,526	\$27.84	\$0.71
07/01/99	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$36.71	\$1.00
07/01/99	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$33.40	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

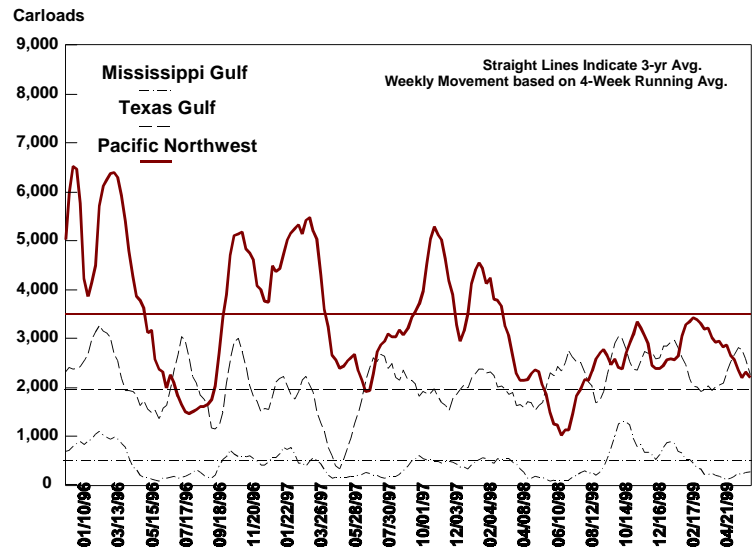
Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
06/02/99	191	2,916	2,134	57
06/09/99	265	3,087	2,225	3
06/16/99	335	2,769	1,944	5
06/23/99	64	2,297	2,525	4
06/30/99	391	2,204	2,544	15
07/07/99	351	1,752	1,769	145
YTD 1999	10,965	64,735	74,505	7,293
YTD 1998	9,227	53,501	77,951	6,213
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA

### Rail Deliveries to Port

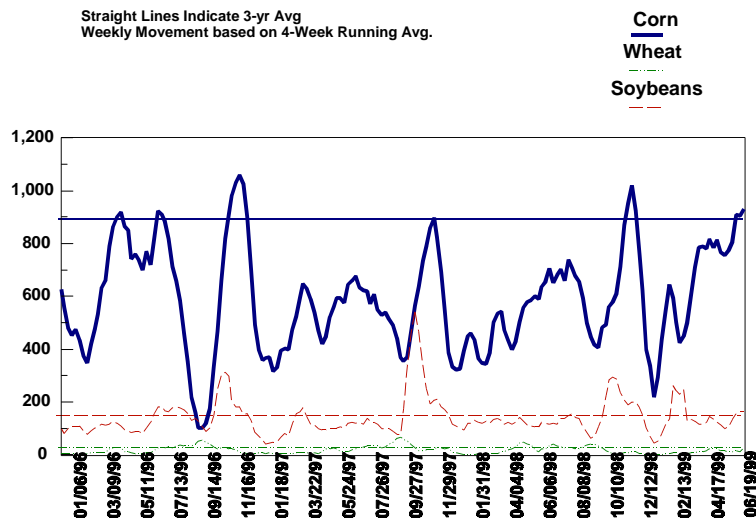


\*Note: Corrected data.

### Barge Movements - Locks 27

1,000 Tons

Straight Lines Indicate 3-yr Avg.  
Weekly Movement based on 4-Week Running Avg.



### Barge Grain Movements

for week ending 07/10/99

	Corn	Wht	Sybn	Total
1,000 Tons				
<b>Mississippi River</b>				
Rock Island, IL (L15)	500	12	75	587
Winfield, MO (L25)	598	35	72	706
Alton, IL (L26)	885	56	99	1,040
Granite City, IL (L27)	979	65	109	1,171
<b>Illinois River (L8)</b>	262	2	34	298
<b>Ohio (L52)</b>	22	4	15	77
<b>Arkansas (L1)</b>	0	25	1	26
1999 YTD	19,213	1,341	3,890	26,129
1998 YTD	14,162	1,130	3,911	20,905
Total 1998	31,226	2,420	8,866	45,625
Total 1997	29,685	2,689	9,584	45,315

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.  
Source: U.S. Army Corp of Engineers

**U.S. Export Balances\*** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	<u>Wheat</u> <i>SWW</i>	<i>DUR</i>	<i>All</i>	<u>Corn</u>	<u>Soybean</u>	<u>Total</u>
<u>Unshipped Exports-Crop Year</u>									
07/08/99	1,453	281	931	516	138	3,319	9,140	2,705	15,164
This Week Year Ago	1,718	180	934	657	226	3,715	6,514	1,873	12,102
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	1,218	374	479	209	100	2,380	41,077	20,203	63,660
97/98 YTD	1,184	212	656	236	68	2,357	31,299	17,713	51,369
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
07/15/99	130	115	8	163	895	177	256	5	0
1999 YTD	5,438	4,849	416	3,617	18,851	7,274	4,485	441	680
1998 YTD *	4,805	3,185	402	2,677	14,241	7,612	3,455	201	580
% of Last Year	50%	111%	64%	72%	60%	49%	62%	78%	49%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service \* YTD-Year-to-Date ('98 = 53 week period)

**Select Canadian Ports - Export Inspections**

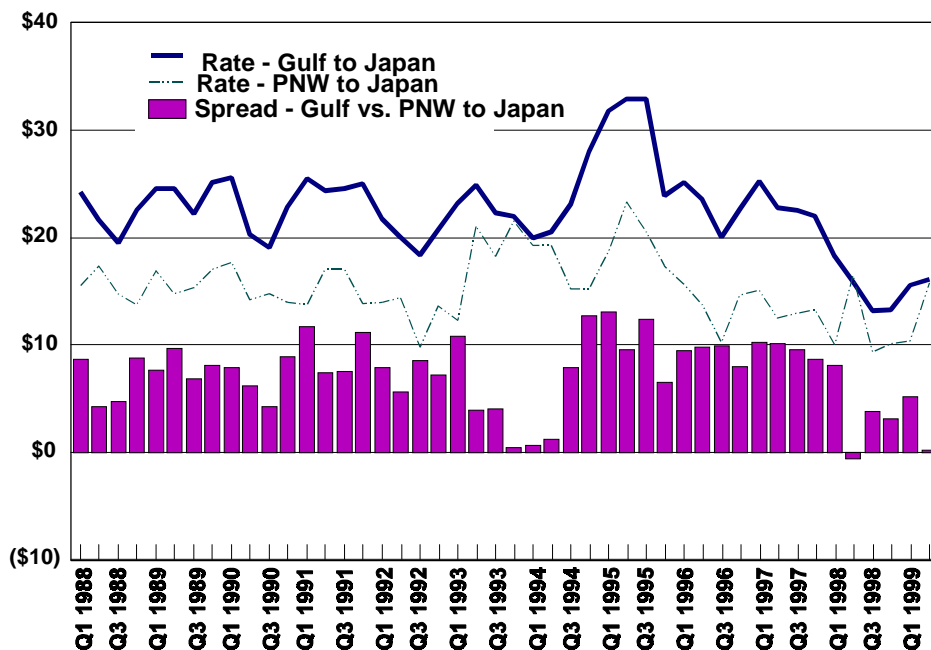
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 0715/99			
Vancouver	5,075	1,056	392
Prince Rupert	1,228	6	0
Prairie Direct	1,023	558	342
Thunder Bay	628	220	237
St. Lawrence	1,859	1,615	0
1999YTD Exports	9,813	3,455	970
1998 YTD Exports	15,112	4,066	2,149
% of Last Year	65%	85%	45%

Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\*  
YTD-Year-to-Date Crop Year 8/1-7/31



US\$/Metric Ton



Quarterly Ocean Freight Rates

## Quarterly Ocean Freight Rates

Average Rates &amp; Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 2 <sup>nd</sup> Qtr	1998 2 <sup>nd</sup> Qtr	% Change		1999 2 <sup>nd</sup> Qtr	1998 2 <sup>nd</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$16.08	\$15.93	1%	Japan	\$15.83	\$16.49	-4%
Mexico	\$22.45	\$12.42	81%	Red Sea/ Arabian Sea	\$45.80		
Venezuela	\$13.91	\$12.27	13%				
N. Europe	\$12.28	\$9.36	31%	<b>Argentina to</b>			
N. Africa	\$17.80	\$12.83	39%	N. Europe	\$23.92	\$13.13	82%
				Japan	\$20.82	\$18.55	12%

Source: Transportation &amp; Marketing/AMS/USDA

## Ocean Freight Rates (Select Locations) - week ending 07/17/99

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	Egypt Med	Wheat	July	33,000	\$18.00
Duluth	Algeria	Heavy Grain	Spot	18,000	\$28.50
St. Lawrence	Portugal	Heavy Grain	July	27,500	\$10.50
Gulf	Egypt Med	Heavy Grain	Prompt	55,000	\$11.25
Gulf	Indonesia	Heavy Grain	July	33,000-35,000	\$16.80
PNW	Japan	Heavy Grain	Aug	54,000	\$10.95
Riverplate	Egypt Med	Heavy Grain	July	25,000	\$16.25
Paranagua (Brazil)	Turkey	Grains	Prompt	20,000	\$15.00

Source: Maritime Research Inc.